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## FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino DATE TYPED 2/20/05 HB \_\_\_\_\_

SHORT TITLE Expanding Medicaid Eligibility Criteria SB 245/aSPAC

ANALYST Weber

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Significant see.fiscal implications		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Human Services Department (HSD)

### SUMMARY

#### Synopsis of Public Affairs Committee Amendment

Senate Bill 245 is amended to add language that specifies children newborn to twenty-four months of age *who enroll or re-certify* for Medicaid will be continuously eligible for 12 months from the enrollment or re-certification.

#### Significant Issues

Human Services indicates.

The original language would have provided for continuous eligibility up to the age of 24 months regardless of when the eligibility was established. The new language limits that eligibility period to twelve months from the date of the certification or recertification.

Under current regulations, a newborn is a special coverage group that is given eligibility continuously for 12 months or until age 1 year. After a newborn attains age 1 year, the child is eligible under a different coverage group and becomes subject to the eligibility requirements of

that group, which covers children up to age 19 years of age. One of the current eligibility requirements for all children over 1 year of age is 6-month certifications.

CMS would have to approve an 1115 Demonstration Waiver to allow the Human Services Department to exclude a special group of children age 1 year to 24 months from their mandatory categorically eligible coverage group including that group's eligibility criteria. In other words, there can't be one segment of an eligibility category treated differently than the rest of that group. If approved, the waiver would create a separate group to be tracked and handled differently by the Income Support Division field offices which creates a workload issue.

CMS guidelines for 1115 Demonstration Waivers suggest that whatever action is proposed, it must attach to an entire coverage group. In other words, there can be no treatment disparity within coverage groups. SB 245 as amended seeks to treat 1 to 2 year olds differently within their coverage group (children 1 to 19 years of age).

Approval of an 1115 waiver, if granted at all, can take many months and may take more than one year.

## **FISCAL IMPLICATIONS**

Without a waiver, CMS could disallow the federal match for all children in their second year due to violation of the federal guidelines. This could mean that the state could be responsible for as much as \$23.6 million in unmatched expenditures. There would also be some fiscal implications in increased workload for ISD caseworkers and systems costs. The costs for possible workload increase are indeterminate. Adding a new category to the system would cost approximately \$200,000.

### Synopsis of Original Bill

Senate Bill 245 (SB 245) amends Section 27-2B-15 NMSA 1978 with the addition of a continuous 24-four month period of Medicaid eligibility for newborns born to an eligible benefit group.

### Significant Issues

Human Services reports.

Currently, newborns born to an eligible member of a benefit group are Medicaid eligible for 12 months. SB 245 would extend their certification period from 12 months to 24 months. Under 42 CFR 435.916, the State Medicaid Agency is required to redetermine the eligibility of Medicaid recipients at least once every 12 months. Centers for Medicaid and Medicare (CMS) would have to approve an 1115 Demonstration Waiver to allow the Human Services Department to extend its recertification period to 24 months for this Title XIX group.

## **FISCAL IMPLICATIONS**

HSD does not currently have data available regarding the number of infants this eligibility change will impact. A request for the data has been ordered through the management information system and will be supplied when available as a corrected fiscal impact report. It

must be assumed that extended eligibility will have associated expenditures.

If the waiver mentioned above is not approved, the associated expenditures would be 100 percent general fund.

**MW/lg:yr**